



Senate

General Assembly

File No. 605

February Session, 2014

Substitute Senate Bill No. 114

Senate, April 17, 2014

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT ESTABLISHING A PROPERTY TAX PROGRAM TO
ENCOURAGE THE PRESERVATION OF HISTORIC AGRICULTURAL
STRUCTURES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2 (1) "Municipality" means any town, consolidated town and city,
- 3 consolidated town and borough, city or borough;
- 4 (2) "Historic agricultural structure" means a barn listed on the
- 5 National Register of Historic Places, 16 USC 470a, as amended from
- 6 time to time, or on the state register of historic places, as defined in
- 7 section 10-410 of the general statutes, or a stone wall or other structure,
- 8 including the land necessary for the function of the barn, stone wall or
- 9 other structure, currently or formerly used for agricultural purposes
- 10 and at least seventy-five years old, provided such barn, stone wall or
- 11 other structure (A) provides scenic enjoyment to the general public

12 from a public road, (B) is historically important on a local, regional,
13 state or national level, either independently or as part of an historic
14 district established under section 7-147a of the general statutes or by
15 special act, or (C) has physical or aesthetic features that contribute to
16 the historic or cultural integrity of a property listed on or eligible for
17 listing on the National Register of Historic Places, 16 USC 470a, as
18 amended from time to time, or on the state register of historic places,
19 as defined in section 10-410 of the general statutes;

20 (3) "Preservation easement" means an easement over an historic
21 agricultural structure conveyed to a municipality for a term of up to
22 ten years;

23 (4) "Easement agreement" means the document conveying the
24 preservation easement;

25 (5) "Legislative body" means the legislative body of a municipality
26 or, where the legislative body is a town meeting, the board of
27 selectmen or town council; and

28 (6) "Property tax payment amount" means the amount of property
29 tax due for an historic agricultural structure subject to a preservation
30 easement as established by the legislative body. Such amount shall be
31 fixed for the term of the easement.

32 (b) The legislative body of any municipality that has, by ordinance,
33 adopted the preservation program described in this section may abate
34 the property taxes due for a term of up to ten years with respect to an
35 historic agricultural structure. Such term shall commence with the
36 calendar year immediately preceding the beginning of the tax year for
37 which such taxes are due. Application for such abatement shall include
38 an offer to grant a preservation easement to the municipality for the
39 term of the abatement. Such application shall be made on a form
40 prescribed by the legislative body and shall contain a certification by
41 the owner that, during the term of any such preservation easement
42 accepted by the legislative body, the owner shall maintain the historic
43 agricultural structure in keeping with its historic integrity and

44 character. If the legislative body approves such application, it shall
 45 establish the property tax payment amount for such historic
 46 agricultural structure so as to reflect, in the sole discretion of the
 47 legislative body, the value of the public benefit received from the
 48 preservation easement.

49 (c) (1) The legislative body shall release a preservation easement
 50 upon request of the owner if the legislative body determines that (A)
 51 the owner cannot comply with the terms of the easement agreement
 52 due to extreme personal hardship, or (B) the historic agricultural
 53 structure has been significantly damaged or destroyed by fire, storm or
 54 any other unforeseen circumstance not within the control of the owner.

55 (2) If, during the term of a preservation easement, the legislative
 56 body determines that the owner has failed to maintain an historic
 57 agricultural structure in accordance with the easement agreement, the
 58 legislative body may terminate the easement and levy an early release
 59 penalty.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In subsection (a)(2)(C), "as amended from time to time" was added for consistency.

PD

Joint Favorable C/R

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Joint Favorable Subst.-LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Various Municipalities	Revenue Loss	Potential	Potential

Explanation

The bill allows a municipality to establish a property tax reduction for certain historic structures. Under the bill, municipalities can grant a homeowner an easement for up to 10 years; in exchange, the homeowner must agree to preserve the historic nature of the structure.

The bill results in a loss of tax revenue to municipalities that choose to enter into these agreements. The loss of revenue would depend on the value of the historic structure and the terms of the easement.

The Out Years

The annualized ongoing fiscal impact identified above would continue for up to 10 years after the easement is granted, and would depend on changes in the assessed value of affected historical structures and municipal mill rates.

OLR Bill Analysis**sSB 114*****AN ACT ESTABLISHING A PROPERTY TAX PROGRAM TO ENCOURAGE THE PRESERVATION OF HISTORIC AGRICULTURAL STRUCTURES.*****SUMMARY:**

This bill authorizes municipalities to establish, by ordinance, a property tax incentive program to encourage the preservation of certain historic agricultural structures that are at least 75 years old and meet other criteria. Under the program, a property owner agrees to offer a municipality a preservation easement for the historic structure for up to 10 years in exchange for a property tax break. If the easement is accepted, the owner must maintain the structure in keeping with its historic integrity and character. The bill provides a mechanism for terminating easements under specified conditions and authorizes municipalities to penalize property owners who do not comply with their easement agreements.

EFFECTIVE DATE: Upon passage

HISTORIC AGRICULTURAL STRUCTURES

Under the bill, “historic agricultural structures” are barns listed on the national or state Register of Historic Places, stone walls, and other structures, including the land necessary for these structures’ function. The structures must be at least 75 years old and currently or formerly used for agricultural purposes. They must also:

1. provide scenic enjoyment to the general public from a public road;
2. be historically important on a local, regional, state, or national level, on their own or as part of an historic district established

under state law; or

3. have physical or aesthetic features that contribute to the historic or cultural integrity of a property located on, or eligible for, the national or state Register of Historic Places.

APPLICATION FOR ABATEMENT

The bill allows municipalities to establish a property tax abatement program for historic agricultural structures. A municipality's legislative body (or if the legislative body is a town meeting, its board of selectmen or town council) must prescribe the application form for the abatement. The application must include a certification by the owner that, during the term of any preservation easement the legislative body accepts, he or she will maintain the structure in keeping with its historic integrity and character.

If the legislative body accepts the easement, it must establish a reduced property tax payment reflecting, in its sole discretion, the value of the public benefit received from the preservation easement. The amount must be fixed for the term of the easement, which may be up to 10 years under the bill. Tax abatement terms must begin on the first of January preceding the start of the tax year.

TERMINATING AN EASEMENT

The bill requires the legislative body to release the easement at the owner's request if it determines that the:

1. owner cannot comply with the agreement due to extreme personal hardship or
2. historic agricultural structure has been significantly damaged or destroyed by fire, storm, or any other unforeseen circumstance outside of the owner's control.

The bill authorizes municipalities to penalize property owners who fail to maintain the historic structure in accordance with an easement agreement by levying an early release penalty and terminating the

easement.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Change of Reference

Yea 15 Nay 0 (03/12/2014)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 50 Nay 0 (04/01/2014)